

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 3170 – HB 3622**

April 30, 2012

**SUMMARY OF AMENDMENTS (017622, 017717):** Phases out the authorization to receive the HOPE scholarship on June 30, 2016, for students who attend an eligible independent postsecondary institution and whose students received funding from the HOPE lottery scholarships prior to the enactment of Chapter 1142 of the Public Acts of 2008. Requires such eligible postsecondary institution to include on its website and in any literature that students or prospective students receive, that the institution shall cease to be eligible to receive Tennessee HOPE scholarships after June 30, 2016. Requires the Tennessee Student Assistance Corporation (TSAC) to also include information on its website and in its HOPE scholarship literature in which eligible postsecondary institutions are listed. Requires both organizations to place this information on their websites and in informational materials for students and prospective students within 30 days of the effective date of this act.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures - \$630,000/Lottery for Education Account

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Increase State Expenditures - \$630,000/FY12-13 to FY15-16/Lottery for Education Account**

Assumptions applied to amendments:

- Under current law, students who attend the Art Institute of Tennessee – Nashville (AI) will become ineligible for the HOPE Scholarship at the end of the 2011-12 academic year. Therefore, absent any changes to the current law, there will be no expenditures for students attending AI in the 2012-13 academic year and subsequent fiscal years. If SB 3170/HB 3622 passes as amended, then these students will continue to be eligible and lottery scholarship expenditures will increase approximately \$630,000 in each of next four subsequent fiscal years over what will be expended under current law.
- According to the Tennessee Student Assistance Corporation (TSAC), the estimated scholarship expenditures from the Lottery for Education Account in FY11-12 for students at the Art Institute of Nashville will be \$630,000.

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- With the passage of this act, students from the Art Institute of Nashville will be eligible to receive Tennessee lottery scholarships in FY12-13 and the next three subsequent fiscal years ending in FY15-16.
- TSAC estimates that 125 students will qualify for an award of approximately \$5,040 (with summer usage) per student. The 125 students is a full four-year cohort of students. TSAC assumes that this cohort will remain consistent each of the four fiscal years.
- The increase in state expenditures from the Lottery for Education Account in FY12-13, FY13-14, FY14-15, and FY15-16 will be \$630,000 (125 x \$5,040).
- Any increase in state expenditures to place this information on TSAC's website and informational brochures will be not significant.
- Any increase in expenditures to place this information on the institution's website and informational materials will be the responsibility of the institution.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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